

Bell Atlantic
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Suite 400W
Washington, DC 20005

ORIGINAL

EX PARTE OR LATE FILED



September 2, 1998

Ex Parte

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M. Street, N.W.
Room 222
Washington, DC 20554

RECEIVED

SEP 1 - 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: CC Docket 96-45

Dear Ms. Salas:

Today, Dan Harris, Vin Callahan, Ellie Schwartz and I, representing Bell Atlantic, met with Bryan Clopton, Katie King, Paula Cech, Steve Burnett of the Common Carrier Bureau's Universal Service Division regarding the item captioned above. This meeting was to provide additional information regarding expense-related costs and how they relate to the model platform development under Universal Service. The attached material was used during the meeting.

If you should have any questions regarding this matter, please feel free to contact me at 202-336-7875.

Sincerely,

A handwritten signature in cursive script that reads "Stacy K. Chaney".

Attachment

Cc: B. Clopton
K. King
P. Cech
S. Burnett

of Order rec'd
R. J. DE

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Other Operating Expenses - Expense-related Costs

Non-Network Expenses

- ▶ **Marketing Expense Factors (Acct. 66XX)**
 - ▶ **Other Support Expense Factors (Acct. 61XX, 6724, 6726, 6727)**
 - ▶ **Billing & Collection Expense**
 - ▶ **Common Overhead Expense Loading (Corporate 61XX and 67XX)**
 - ▶ **Revenue Loading (GRT, REG Fees, Uncollectibles)**
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Other Support Expense Factors

■ Components:

Expense Category	Capital & Tax Costs	Operating Expenses
Support Investment Costs		
Support Land & Building	X	X
Network Support Equipment	X	X
Furniture & Office Equipment	X	X
Support Computers	X	X
Capital Lease & Leasehold Improvements	X	
Information Management		X
Procurement		X
Research & Development (R & D)		X

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*

*Excludes Billing & Collections where appropriate

Billing & Collections Expenses

■ Inclusions:

- **Finance Operations (Acct. 6623, FC 12XX)**
- **Service Center B&C (Inquiry, Collections)**
- **Capital & Expense associated with Billing Systems & Investments**
- **Info Management Expense associated with B&C**

■ Unit of measure = Cost per line on a bill

■ B&C Unit Cost is additive to other unit costs

- **before application of Common Overhead Expense Loading**
 - **before application of Revenue Loading**
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Corporate Services Expenses - *Common Overhead Expense Loading*

- In general, used in TELRIC Cost Studies
 - Other uses:
 - Identifies common costs for labor intensive activities
(Non-recurring cost studies)
 - Expense inclusions: Executive, HR, Legal, Finance, External Affairs, etc.
 - An Expense Loading, *NOT* an investment factor
 - Developed on basis of Total Operating Expenses + Taxes
-
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Gross Revenue Loading Factor

■ Components

- Gross Receipts Tax**
- PSC/FCC Regulatory Assessment Fees**
- Uncollectible Revenue Expense**

■ Retail/Wholesales/FCC Interstate
